Exhibit 5

BEFORE THE
MARYLAND PUBLIC SERVICE COMMISSION

In the Matter of the Petitions for Approval of Agreements and Arbitration of unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996	)))))	Case No. 8731

INITIAL COMMENTS OF TELEPORT COMMUNICATIONS GROUP INC.

Teleport Communications Group Inc., on behalf of its local affiliate TCG Maryland (collectively referred to herein as "TCG"), respectfully submits its Initial Comments in the above-referenced docket.

TCG is the largest, most experienced, and, perhaps, the only competitive carrier committed solely to the development of local networks that are designed exclusively to provide facilities-based competition to incumbent local exchange carriers ("ILECs") in major markets across the country. Unlike other companies with substantial business outside of the local exchange market --interexchange carriers, Internet access providers, and others --TCG brings no agenda to this proceeding other than its need for interconnection arrangements that will permit it to compete fairly and aggressively for local exchange and access services. TCG thus brings a unique perspective to this proceeding.

In considering these local competition issues, the Maryland Public Service Commission ("Commission") must recognize the substantial degree of dependence that competitors --the Competitive Local Exchange Carriers ("CLECs") --will have on the ILECs with which they will compete. Indeed, as the competitive local telecommunications industry has developed, it has, ironically, become even more dependent on the ILEC.[1]

Now, as competitive access providers ("CAPs") and others evolve into CLECs, their degree of dependence on the ILEC has grown exponentially, to a point where virtually every switched call that comes into or leaves a CLEC network is critically dependent on the technical and economic terms for interconnection with the ILEC, and that dependence will only grow as CLEC businesses develop in the future. Because of this permanent dependence, Congress recognized the need to prevent anti-competitive abuses and the *illusion* of competition by creating specific requirements for ILECs to meet.

TCG has spent the last ten years laying the foundation to be a significant local exchange service competitor. TCG, directly or through its affiliates, already has alternative local networks operating in twenty two metropolitan areas, is authorized to operate as a CLEC in twelve states and has applications for CLEC authority pending in eight more states.[2] In ten years TCG has constructed local fiber optic networks with over 250,000 fiber miles and 5,400 route miles, serving approximately

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[1] For example, when Competitive Access Providers ("CAPs") began, they were private line carriers whose services were largely independent of the ILEC and, because they were private line services, did not necessarily even need to interconnect with the ILEC network. Over time, the advent of collocation arrangements opened up the opportunity for composite private line and special access services to be offered, where limited interconnection with the ILEC was required but the CAP was only dependent on the ILEC for a small portion of the end to end service. The advent of switched services. The advent of switched services increases this dependence further.

[2] TCG is authorized to operate as a CLEC in California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Texas, Washington State, and Wisconsin. TCG has requests for CLEC authority currently pending in Arizona, Indiana, Missouri, Nebraska, Ohio, Oregon, and Utah.

4,600 buildings.

That reflects TCG's past. Its future, and the future choices of telecommunications consumers in the state of Maryland, will be affected greatly by what the Commission does in this proceeding. And it is extraordinarily important for the Commission to recognize that each competitive carrier has unique interconnection requirements --TCG's needs are different from the needs of interexchange carriers and they are even different from the needs of other CAPs and CLECs. That is because each geographic market has unique characteristics and each competitive carrier has its own unique strategies, strengths, weaknesses, stage of maturity and business plans which, in turn, establish unique and sometimes radically different interconnection requirements for each market. For example, the interconnection needs of a facilities-based competitor like TCG will be different in Baltimore versus Omaha, and will bear no resemblance to the interconnection needs of a company that intends to offer local services primarily as a reseller of ILEC services.

The Commission's role today is, therefore, entirely different from anything it has faced before. In the past, the Commission developed specific and generic rules for broad markets that parties had to comply with --its job was to set the terms of conduct. Its role must now change. Congress has expressed a desire that the terms of conduct be established by negotiation, and where such negotiations fail --as they have -- through individual arbitration proceedings such as are now being conducted by this Commission.

The Commission must therefore respect, permit and encourage the establishment of numerous different interconnection agreements. By contrast, rules that lead to an averaged, generic, "one size fits all" interconnection arrangement will make the vigorous, sustainable facilities-based local competition sought by Congress impossible. Such a result would entrench the ILEC's dominance, and such agreements will prevent new carriers from competing broadly, thus denying consumers the full benefits of the competitive markets that the 1996 Act was intended to create.

In considering how to arbitrate specific interconnection disputes, the Commission should be guided by several clear policy choices that Congress made in enacting the Telecommunications Act:

> o *A preference for facilities-based local competition, as the only basis for true and sustainable local exchange competition;*[3]
>
> o *A preference for individually negotiated settlements of interconnection matters, or individual arbitrated settlements based on traditional commercial practices;*[4]
>
> o *A preference for different costing standards depending on the nature of the competitor and the nature of the interconnection;*[5] *and*
>
> o *A preference for less regulatory supervision.*

While the Congressional preference for individually negotiated agreements is clear, it is equally clear that negotiated agreements will not simply happen. While the CLECs are and will be critically dependent on the ILECs for many essential elements necessary to provide competitive services, the CLECs have nothing that the ILEC truly wants or really

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[3] The 1996 Act makes the existence of a facilities-based competitor an essential prerequisite for RBOC entry into in-region long distance. *See* §271(c)(1)(A).

[4] The 1996 Act establishes a first preference for negotiated agreements, allows parties considerable flexibility in negotiating such agreements, and specifically contemplates the idea that there will be several different agreements in a particular jurisdiction with a particular carrier. *See* §§252(a)(1), 252(I).

[5] The 1996 Act establishes several different costing standards. *See* §§252(d)(1),(2) and (3).

needs, and thus nothing to bargain with.[6] Left to themselves, history demonstrates that the ILECs will offer their "competitors" nothing of value while demanding much in exchange, so that their "competitors" will compete in name only. The Commission thus must recognize that, where one party has control of a bottleneck facility that is essential to a competitor, and the competitor has nothing to trade, "negotiations" under such circumstances will be without substance, and "competition" can be nothing but a dangerous illusion --dangerous because it could lead to the worst of all circumstances for consumers --an unregulated monopoly.

The fact that this proceeding is active indicates that negotiations between the parties have failed --again. This Commission must therefore arbitrate the remaining disputes between the parties. When conducting this proceeding, the Commission must recognize that its duty under the Act is to promote facilities-based local exchange competition. Therefore, additional weight should be accorded the position of the CLEC because it is the CLEC that is in the best position to understand its requirement to compete effectively in the marketplace.[7]

In a letter dated September 5, 1996, TCG and Bell Atlantic jointly indicated to the Commission that fifteen of the issues originally designated for arbitration were resolved or

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[6] While some might claim that the RBOCs "need" CLEC agreements to enter the in-region long distance business under §271 and that gives the CLECs something to bargain with, there is little truth to that. Section 271 only applies to Bell Companies, only requires one such agreement, and includes processes that will allow entry even in the absence of agreements or competitive entry. *See* §§271(c)(1)(A) and (B).

[7] This is not to suggest that the CLEC should be awarded anything it requests. Rather, it is intended to suggest that the arbitrator should not presume that currently available arrangements are satisfactory to the CLEC requesting arbitration.

had the potential for being resolved and were therefore withdrawn from the arbitration process without prejudice. The issues which remain in arbitration include: (1) rates for call transport and termination; (2) meet-point billing arrangements for switched access interconnection; (3) performance standards and penalties; (4) collocation; and (5) compensation for primary directory listings. Below, TCG sets out on an issue-by-issue basis its position.

ISSUE NUMBER 1: RATES FOR TRANSPORT AND TERMINATION OF TRAFFIC

Description of issue:

The rates, terms and conditions that should apply for the termination of traffic originated on one carrier's network and terminated on the other carrier's network.

TCG's position:

The existing framework for transport and termination established by this Commission in Case 8584, Phase II is as follows:

Termination of traffic at Bell Atlantic's end office:	$0.003 per minute
Termination of traffic at Bell Atlantic's tandem:	$0.005 per minute (including transport and switching at end office)
Termination of traffic at a CLEC's switch:	$0.003 per minute

In an environment such as Maryland where retail telecommunications services are priced on a message-rate and flat-rate basis, it is imperative that the rates for transport and termination be usage-insensitive as well. Therefore, TCG proposes a flat-rate option for transport and termination that is based upon the established usage-sensitive framework and is as follows:

Termination of traffic at Bell Atlantic's end office:	$360 per DS1 switch port
Termination of traffic at Bell Atlantic's tandem:	$600 per DS1 switch port (including transport and switching at end office)
Termination of traffic at a CLEC's switch:	$600 per DS1 switch port

<u>Rationale</u>:

The usage-sensitive rate levels established by this Commission in Case 8584, Phase II fall squarely within the permissible range established by the Federal Communications Commission (FCC) in its Order in Docket 96-98. However, because TCG serves the entire Baltimore LATA from its single Baltimore switch, it is entitled to tandem rates for transport and termination.[8] Therefore, at a minimum, the Commission will have to modify its previous Order to permit CLECs to charge Bell Atlantic tandem rates for transport and termination of traffic onto their own networks.

Additionally, TCG has proposed a flat-rate option for transport and termination which is designed to account for (1) the usage-insensitive nature of the Maryland retail telecommunications market, and (2) peak and off-peak usage. This Commission itself has acknowledged the benefits of flat-rate pricing for transport and termination. In Case 8584,

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[8] Section 51.711(a)(3) of the FCC's rules states: "Where the switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC's tandem switch, the appropriate rate for the carrier other than an incumbent LEC is the incumbent LEC's tandem interconnection rate."

Phase II, this Commission encouraged TCG and Bell Atlantic to negotiate a flat-rate option.[9] To date, TCG has been unsuccessful in its attempts and therefore seeks arbitration.

The use of a flat-rate capacity based charge for transport and termination, while more accurately reflecting cost-causation in the network, also can be used to account for peak and off-peak costs which vary significantly. In its Interconnection Order, the FCC specifically allowed States to consider peak and off-peak pricing schemes for transport and termination.[10] The prices proposed by TCG for the flat-rate ports are intended to account for peak and off-peak usage. To derive the flat-rate pricing, TCG multiplied the minutes-of-use rate by 120,000 minutes. The 120,000 minutes is meant to serve as a proxy for the average number of peak minutes exchanged during a month. While it is true that up to 180,000 minutes of use can be passed through a DS1 over the course of a month, by using the 120,000 figure, TCG is suggesting that the CLEC should receive the benefit of off-peak cost characteristics.

ISSUE 2: MEET POINT BILLING ARRANGEMENTS FOR SWITCHED ACCESS INTERCONNECTION

<u>Description of issue</u>:

TCG expects that it will be completing the intrastate and interstate switched access

[9] "Accordingly, we will observe the reaction and operation of the competitive market to the MOU-based rates and our other decisions herein before reconsidering mandating a flat-rate option. However, we are not opposed to considering voluntary agreements between carriers that provide for the use of this or other interconnection options." Phase II Order at 33.

[10] Interconnection Order at para. 1064.

calls of its interexchange carrier customers over the network of Bell Atlantic, and that Bell Atlantic will be completing similar calls over TCG's network. Where TCG provides the transport and tandem switching from the interexchange carrier (IXC) to the Bell Atlantic end office, there must be a reasonable and consistent set of assumptions regarding what charges will be applied by each carrier.

TCG's position:

For Interstate and Intrastate Tandem Switched Access (where one carrier operates as a tandem switch and the other carrier operates as an end office switch):

Rate Element	Billing Company
Carrier Common Line (CCL)	End office company
Local Switching	End office company
Interconnection Charge	Tandem company
Local Transport Termination	Half by each company
Local Transport Facility	Billing % Based on Relative Share of Facility
Tandem Switching	Tandem company
Tandem Transport	Tandem company
Entrance Facility	Tandem company

For Interstate and Intrastate Tandem Switched Access (where both carriers provide a tandem function):

Rate Element	Billing Company
CCL	End office company
Local Switching	End office company
Interconnection Charge	Half by each Tandem company
Local Transport Termination	Half by each company
Local Transport Facility	Billing % Based on Relative Share of Facility
Tandem Switching	Half by each Tandem company
Tandem Transport	Half by each Tandem company
Entrance Facility	First Tandem company

Rationale:

Proper Subject for Arbitration

TCG is permitted under the FCC's rules to offer a competing access tandem service.[11] TCG is entitled to negotiate the terms of its interconnection with Bell Atlantic for the provision of jointly provided switched access services under the Act. TCG has in fact already negotiated acceptable arrangements for the provision of jointly provided switched access services with BellSouth, NYNEX, and Pacific Bell, indicating that those carriers have recognized that this is an appropriate subject for interconnection negotiations.

Moreover, Section 251(c)(2) of the Telecommunications Act of 1996 requires that ILECs negotiate "for the transmission and routing of telephone exchange service and exchange access...on rates, terms, and conditions that are just, reasonable, and nondiscriminatory." The competitive tandem service which TCG wishes to offer requires the ILEC to "transmit and route exchange access," and TCG is seeking an agreement with Bell Atlantic to ensure that the rates, terms and conditions of such services are fair and appropriate. This request thus falls squarely within the mandate of the Act. There is no logical or legal basis on which to say that Bell Atlantic must negotiate for the exchange of jointly provided "telephone exchange service" --a proposition Bell Atlantic clearly agrees with --but that they do not have to negotiate for the exchange of jointly provided "exchange access" traffic. These required negotiations and arbitrations must govern both the technical

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[11] See, Expanded Interconnection with Local Telephone Company Facilities, Transport Phase II, CC Docket No. 91-141, 9 FCC Rcd 2718 (1994) ("The steps we now take will enable interconnectors, as well as other parties, to provide tandem switching functions ... these measures will open the door to third parties to provide competitive tandem-switching services.").

and economic aspects of the cooperative provision of these services.

TCG's Suggested Division of Revenues is Appropriate.

The position put forth by TCG allows the proper carrier to collect each rate element. The carrier providing the end office and subscriber line functions is entitled to bill for the Carrier Common Line and Local Switching elements. The billing for transport services is allocated between the two local exchange carriers based on their relative share of the actual transport facilities being provided. The carrier providing the tandem function is allowed to charge for the tandem switching and tandem transport functions; when more than one carrier provides the tandem function they would each divide this portion of the revenues equally. The key issue on which Bell Atlantic refuses to agree is the treatment of the Interconnection Charge (sometimes referred to as the Residual Interconnection Charge).

TCG does not believe that Bell Atlantic should be allowed to bill or collect the "Residual Interconnection Charge" ("RIC") from TCG's IXC customer (or from TCG itself where TCG is billed for Bell Atlantic's access) in a case where TCG provides all the tandem and transport services. Simply stated, Bell Atlantic should not be allowed to bill an IXC customer of TCG (or TCG itself) for costs related to network elements that Bell Atlantic does not provide. The RIC is a usage sensitive charge that is assessed to recover certain local transport costs. The FCC's RIC includes 80% of local tandem costs, with only 20% of those costs being recovered in the tandem switching charge. But all of the costs that have been assigned into the RIC element are based on Bell Atlantic costs that are classified, for regulatory purposes, as local transport costs. It would be competitively unfair if Bell Atlantic continued to collect the RIC charge in cases where TCG provides tandem switching and transport. Because Bell Atlantic charges only 20% of the cost of its tandem switch in its tandem switching rates, and these rates set an effective ceiling on the rates that TCG can charge, allowing Bell Atlantic to charge the RIC would force TCG and its customers to subsidize Bell Atlantic's tandem and local transport rates, while denying TCG an opportunity to earn a reasonable return on its access tandem product.

What TCG is asking requires no changes whatsoever in the switched access charges that Bell Atlantic charges today. The only issue is which of its current charges should be applied to IXCs that are TCG's customers and which are using jointly provided tandem access services.

Finally, TCG's position is supported by a recent decision by the United States Court of Appeals for the District of Columbia Circuit.[12] There the Court held that the FCC had improperly placed tandem costs in the RIC charge, and that this resulted in an improper tandem charge that understated the true costs of tandem services. This Court decision, which is attached as Exhibit 1, directly confirms TCG's position, both that the RIC consists entirely of transport related costs, including 80% of the costs associated with tandem switching, and that this allocation and recovery of costs has been found to be unlawful. What TCG is seeking is simply an equitable and sensible division of revenues for switched access services that does not leave TCG and its customers paying Bell Atlantic for tandem switching services that TCG is itself providing, while producing a rate ceiling for tandem switching that

[12] See Competitive Telecommunications Association v. FCC, slip opinion, July 5, 1995.

"discourages competitors with more efficient transport alternatives from entering the market." Slip Opinion at 17.

ISSUE NUMBER 3: PERFORMANCE STANDARDS AND REPORTING

Description of issue:

It is necessary to establish certain standards of performance to ensure that Bell Atlantic provisions service to TCG at satisfactory levels of quality. Reporting of the quality levels received by TCG and others are necessary to ensure compliance with the non-discrimination and performance standards required by the FCC.

TCG's position:

PERFORMANCE:

Bell Atlantic shall provision, install, maintain, repair, and monitor all services, interconnection facilities, unbundled elements, collocation elements, and all other interconnection arrangements, facilities and services ordered by TCG, at the same level of quality which Bell Atlantic provides to itself or any other party. Bell Atlantic shall provide to TCG the same level of transmission quality, reliability, maintenance, repair, installation, and other service characteristics, including reporting of results, that it provides to any other party, whether pursuant to written agreement or informal or formal practice. Bell Atlantic shall upon request provide TCG with complete information about all such performance arrangements and understandings. Such information may be provided pursuant to mutually acceptable confidentiality agreements where the underlying information is treated as confidential by the Bell Atlantic customer/user, provided that such confidentiality claims are not applied in such a way as to deny TCG essential information concerning the performance standards agreed upon by Bell Atlantic and the customer/user.

REPORTING:

Bell Atlantic shall provide TCG, on a quarterly basis, the information listed on Exhibit 2 attached hereto. Such information shall be provided not more than 30 days after the close of a calendar month. Bell Atlantic shall also report its performance level as stated on Exhibit 2 that is provided to (1) its internal network clients; (2) any Bell Atlantic owned affiliates (as affiliates are defined under the Act); (3) to its three largest carrier customers (cumulatively); and (4) to its ten largest commercial customers (cumulatively) for the same period. Bell Atlantic shall explain any deviation between the performance provided to TCG and that provided to any of these four categories of customers/users, and indicate what steps shall be taken to eliminate any deficiencies between the service provided to TCG and that provided to one or more of these other customers/users. Bell Atlantic shall also offer to provide to TCG comparable quality and performance reports and measurements to those that it provides to any other customers, specifying as to TCG's services the same types of information, and at the same intervals, that it provides to these other customers.

PENALTIES:

Exhibit 9 to TCG's Petition for Arbitration contains an explanation of TCG's position on the issue of penalties associated with poor service quality.

<u>Rationale</u>:

The generalized performance standards listed in the first part of the Performance Standard are proposed in compliance with Section 51.305 of the FCC rules, and the requirements of the FCC's order. On information and belief, TCG understands that Bell Atlantic has agreed to meet certain performance standards proposed by other customers, including interexchange carriers, and further that it routinely provides these customers with "report cards" or the like which track Bell Atlantic's performance in meeting those objectives. The second part of the Performance Standard is intended to require Bell Atlantic to offer the same performance standards to TCG, and in so doing merely implements the nondiscrimination standards of the FCC rules and Order. Because TCG does not have access to such agreements or knowledge of their details, it is necessary to require Bell Atlantic to advise TCG about such arrangements in order to ensure that the nondiscrimination requirements are satisfied. TCG is willing to accept reasonable confidentiality limitations on such information, provided that Bell Atlantic does not attempt to hide key information (such as the actual performance expectations of the parties) under cover of a claim of confidentiality. The provisions for reporting are intended to collect information allowing TCG and Bell Atlantic to understand and evaluate the quality of the services being provided, to ensure that TCG is not being discriminated against in violation of the Act and the Commission's rules, and as a tool to identify areas to be improved. The FCC recognized that there should be some quality reporting requirements, and specifically encouraged the states to implement such requirements.[13]

Because Bell Atlantic will be providing service to its principal competitor, there is a natural incentive within Bell Atlantic to deliver service at a poor quality. In order to counter

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[13] See, FCC Order paragraphs 310-311.

act that incentive, specific and substantial penalties are necessary. The penalties proposed by TCG are reasonable penalties associated with such behavior that would have a serious, immediate, and detrimental impact upon TCG's business. To the extent that TCG is forced to deliver consumers service of an inferior quality solely as a result of Bell Atlantic's provisioning process, TCG's reputation in the marketplace is irreparably impugned. The penalties proposed by TCG should provide a positive incentive for Bell Atlantic to deliver a quality of service to TCG that is comparable to the quality of service Bell Atlantic provides itself.

ISSUE NUMBER 4: COLLOCATION

Description of issue:

Pursuant to the Telecommunications Act of 1996 and the FCC rules, TCG is entitled to physically collocate its transmission equipment in the central office of Bell Atlantic in order to terminate traffic and to access unbundled network elements and services. Some of the terms and conditions Bell Atlantic seeks to impose pursuant to its tariffs eviscerate TCG's right.

TCG's position:

TCG is willing to accept Bell Atlantic's tariff for collocation provided the following changes are made:

Section 19.2: In this section, Bell Atlantic seeks to limit the services to which TCG can interconnect. Under the Telecommunications Act and the FCC rules, TCG is entitled to interconnect to any service Bell Atlantic offers. Therefore, this language should be modified so as not to be so limiting.

Section 19.3(C): Bell Atlantic seeks here to limit the space available to TCG for collocation. The FCC rules do not allow Bell Atlantic to limit TCG's rights in this manner. Therefore, this section should be eliminated.

Section 19.3(H): Bell Atlantic does not include any standard service interval for installation of the collocation arrangement. TCG proposes reasonable service intervals in its Exhibit 6 and requests that should Bell Atlantic fail to meet these standards that the non-recurring fees associated with collocation be refunded to TCG.

Section 19.3(K): Bell Atlantic proposes to give only 90 days notice for the closure of a central office. Bell Atlantic should be required to provide notice 180 days in advance of closure. Since the entire collocation process takes approximately 90 days, this will permit TCG to seek new arrangements in other central offices.

Section 19.3(N): This provision is inconsistent with the Section 51.323(h) of the FCC's rules and should be eliminated.

Section 19.3.1(C): Pursuant to Section 51.323(j), TCG is entitled to utilize its own subcontractors to construct the physical collocation space. Bell Atlantic should eliminate this provision from its tariff.

Section 19.3.1(E): Bell Atlantic seeks to retain sole discretion as to whether facilities of the collocator's need rearrangement. This should be a mutually agreed upon action.

Section 19.3.2(E): Bell Atlantic's rights to inspect the collocator's premises should be limited to once every six months otherwise Bell Atlantic may utilize this right in an harassing manner.

Section 19.3.3: TCG's position on this issue is contained in Exhibit 6.

Section 19.3.4: This provision fails to adequately protect the rights of TCG by allowing Bell Atlantic to unilaterally and arbitrarily remove TCG from the premises if space is not being "efficiently used" as determined by Bell Atlantic. This provision should be eliminated.

Section 19.3.5(I)-(N): The restrictions contained in these provisions conflict with the Act and the FCC rules. TCG is entitled to interconnect with any service that Bell Atlantic offers and is not limited the services defined in these provisions.

Section 19.3.7: TCG's position on this issue is explained in Exhibit 6.

Section 19.4(A): This provision requires TCG to construct a cage around its collocation space. TCG should be entitled to the option of not having a cage.

Section 19.4(H): Bell Atlantic seeks here to limit the range of transmission equipment TCG can collocate in the central office. The FCC rules do not permit Bell Atlantic to restrict TCG's rights in this manner. The provision should be eliminated.

Section 19.4(L): This provision limits interconnections to DS1 and DS3 levels only. The provision should be expanded to include DS0 levels as well.

Section 19.4(M)-(N): Bell Atlantic seeks to limit the availability of certain services in violation of the Act and the FCC's rules. This provision should be eliminated.

Section 19.7: The monthly recurring cross connect fees Bell Atlantic proposes are excessive and anti-competitive. TCG proposes prices as follows:

	DS3	DS1
Month-to-month	$77.18	$7.50
3 year	$67.65	$6.46
5 year	$47.60	$5.75

Alternatively, TCG requests that it be permitted to construct its own cross connection facilities which would displace the facilities of Bell Atlantic.

Rationale:

The FCC Order imposes new obligations on Bell Atlantic. Its existing collocation tariff is inconsistent with the FCC Order and must be changed to comply with the FCC's Order and rules, or else the arbitration result cannot be approved. Other aspects of the Bell Atlantic collocation tariff are unfair and anti-competitive and must be changed as well.

Most importantly, the cross connection fees Bell Atlantic seeks to impose on TCG are excessive relative to the retail services for which TCG will be competing. The rates that TCG has developed for cross connection are based on TCG's own cost of providing the service as described in Exhibit 3 attached hereto. In the event where TCG is able to construct its own cross connection facilities, TCG assumes the capital costs associated with the service, leaving minimal expenses for which Bell Atlantic can seek recovery.

ISSUE NUMBER 5: COMPENSATION FOR PRIMARY DIRECTORY LISTINGS

Description of issue:

It is necessary for there to be a single, complete "white pages" telephone directory available to all consumers regardless of their local exchange carrier. The Commission must determine whether Bell Atlantic is entitled to an explicit charge for the provision of a primary directory listing for each of TCG's end user customers or whether Bell Atlantic receives more than ample consideration because TCG provides its customer information to Bell Atlantic at no charge and allows Bell Atlantic to sell that information to third-party vendors.

TCG's position:

TCG proposes a fair bargain which TCG has been struck with BellSouth, NYNEX, Pacific Bell, and the Southern New England Telephone Company. With these companies, it was agreed that TCG would provide its customer listing information to the ILEC at no charge and that TCG would forego all revenues associated with the sale of that customer information to third party vendors. In exchange for this, all of these ILECs voluntarily agreed to (1) provide TCG's customers with a primary listing in the "white pages" directories at no charge, (2) distribute the directories to TCG's customers at no charge, and (3) provide TCG with a reasonable bulk shipment of directories for TCG's own distribution.

Rationale:

The inclusion of TCG's customer information in Bell Atlantic's "white page" directories is necessary for the development of effective local exchange competition and essential to the public interest. Consumers are better served if they have access to a single, complete telephone directory rather than multiple telephone directories which may or may not be complete depending upon the relative bargaining strength of competing local exchange carriers.

The information TCG will be supplying Bell Atlantic will enable Bell Atlantic to produce a complete telephone directory. The completeness of the directory enhances the value of the directory for Bell Atlantic and for consumers. Moreover, TCG knows and understands that Bell Atlantic sells its directory listings to third party vendors. To the extent that Bell Atlantic is able to include TCG's customer information in its listings, then Bell Atlantic is again compensated. That is because Bell Atlantic gains a value by being able to sell information about TCG's customers, as well as greater value in the compilation because it will be complete.

To insist on explicit charges for directory listings is to open the entire process to gamesmanship and dramatically increase the transaction costs associated with this function. If Bell Atlantic insists upon being compensated explicitly for including TCG's customers in the telephone directory, then TCG will have to insist upon charging Bell Atlantic for its customer list and will have to insist upon an accounting of the revenues derived by Bell Atlantic from TCG's customer list. The cost and effort involved in tracking this information can be avoided if Bell Atlantic simply agrees to provide the primary listing to TCG's customers at no charge. This was the reasonable bargain struck by TCG with four other ILECs.

Performance Measurement	Actual ILEC Service Performance (by Quarter)					
	DS0	DS1	DS3	Multiplexing	CLEC Trunking	Unbundled Loops
INSTALLATION						
Number of Installations						
Average Internal (in days)						
% Install on time						
SERVICE QUALITY						
No. of Repairs						
Mean Time to Repair						
No. of Failures						
Failure Frequency %						
% Availability						

EXHIBIT 3
TELEPORT COMMUNICATIONS GROUP INC.'s INITIAL COMMENTS
Maryland Public Service Commission - Case No. 8731
September 6, 1996

TCG Cross Connection Cost Analysis

DS3 Cross Connection Cost Elements:

cable length	% occurrence	cable cost	install cost	repeater cost	materiel & labor investment
50	5%	$50	$40	0	$4.50
100	10%	$100	$40	0	$14.00
150	20%	$150	$40	0	$38.00
200	20%	$200	$40	0	$48.00
250	15%	$250	$40	0	$43.50
300	10%	$300	$40	$1,500	$184.00
350	5%	$350	$40	$1,500	$94.50
400	5%	$400	$40	$1,500	$97.00
450	5%	$450	$40	$1,500	$99.50
500	5%	$500	$40	$1,500	$102.00

Unit Investment	$725.00
Depreciation	$75.56
Cost of Money @12%	$65.25
Maintenance @ 2 hrs per year	$20.00
Administration @ .66% investment	$4.78
Misc taxes @ 5% investment	$35.25
Annual Direct Costs	$200.84
Monthly Direct Costs	$16.74
Monthly rate w/ 45% overhead	$24.27

DS1 Cross Connection Cost Elements:

cable length	% occurrence	cable cost	install cost	repeater cost	materiel & labor investment
50	5%	$7	$4.75	0	$0.59
100	10%	$14	$4.75	0	$1.88
150	20%	$21	$4.75	0	$5.15
200	20%	$28	$4.75	0	$6.55
250	10%	$35	$4.75	0	$3.98
300	10%	$42	$4.75	0	$4.68
350	5%	$49	$4.75	0	$2.69
400	5%	$56	$4.75	0	$3.04
450	5%	$63	$4.75	0	$3.39
500	5%	$70	$4.75	0	$3.74
550	3%	$77	$4.75	0	$2.45
600	2%	$84	$4.75	0	$1.78

Unit Investment	$39.89
Depreciation	$4.16
Cost of Money @12%	$4.79
Maintenance @ 15 mins yr	$2.50
Administration @ .66% investment	$0.26
Misc taxes @ 5% investment	$1.99
Annual Direct Costs	$13.70
Monthly Direct Costs	$1.14
Monthly rate w/ 45% overhead	$1.66